



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

December 1, 2011
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 1917 – Middle Class Tax Cut of 2011 (Sen. Casey, D-Pennsylvania, and 10 others)

The Administration strongly supports passage of S. 1917, which puts more money in the pockets of working and middle class Americans and provides tax cuts for small businesses to help them grow. The President proposed these measures to the Congress as part of the American Jobs Act as a way to create jobs and spur economic growth.

By extending and expanding the payroll tax cut in place this year, the bill would cut in half the amount of payroll tax paid by employees and the self-employed on their wages and salaries for 2012. Approximately 160 million workers would benefit from this tax cut, with the typical family earning \$50,000 seeing more than \$1,500 in additional take-home pay.

The bill would also cut in half the payroll tax paid by employers on the first \$5 million of taxable payroll for 2012. This provision would benefit all businesses, but would target the benefit to the 98 percent of firms with payrolls below the \$5 million payroll threshold. The bill would also completely eliminate the payroll tax paid on added workers and on wage increases for current workers for the first \$12.5 million of an employer's increased taxable payroll for the 4th quarter of 2011 and the first \$50 million in increased payroll for 2012. This provision, also targeted to small businesses, would encourage firms to hire additional employees and raise wages for their current employees.

Finally, the bill provides that these tax cuts would have no effect whatsoever on balances in the Social Security Trust Funds.

S. 1917 is fully paid for through a surtax on those Americans making over \$1 million per year. What is most important is putting Americans back to work. S. 1917 would meet the test of paying for the extension and expansion of the payroll tax cuts in a way that is fair.

Independent economists have confirmed that these tax cuts for working families and small business entrepreneurs would add hundreds of thousands of jobs to the economy next year. By enacting S. 1917, the Congress and the President can work together to create jobs, and the Administration urges prompt and favorable action.

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